



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

MAY 08 2006

Nethercutt for Senate
Catherine Gernes
9720 Owen Brown Road
Columbia, Maryland 21045

RE: MUR5740
Nethercutt for Senate and
Catherine Gernes, in her
official capacity as treasurer

Dear Ms. Gernes:

On May 2, 2006, the Federal Election Commission found that there is reason to believe Nethercutt for Senate (the "Committee") and you, as treasurer, violated 2 U.S.C. § 434(b), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"). This finding was based upon information ascertained by the Commission in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's finding, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. *See* 18 U.S.C. § 1519.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Beth Mizuno, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Michael E. Toner
Chairman

Enclosures

Factual and Legal Analysis
Procedures
Designation of Counsel Form

cc: G. Nethercutt

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**FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Nethercutt for Senate and
Catherine Gernes, in her official
capacity as treasurer

MUR: 5740

This matter was generated based on information ascertained by the Federal Election Commission ("the Commission") in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2).

Nethercutt for Senate (the "Committee") is the authorized committee of George R. Nethercutt, Jr., a 2004 candidate for U.S. Senate in Washington and Catherine Gernes serves as the committee's treasurer. In its July Quarterly Report, filed on July 14, 2004, the Committee reported disbursements totaling \$1,021,914. On September 2, 2004, the Committee filed an amended July Quarterly Report, and reported additional disbursements and corrections that, when netted, totaled \$368,923, a 36 percent increase. These additional disbursements and corrections are summarized in the chart below and consist in large part of \$364,100 in payments to a single vendor, Mentzer Media Services.

Date	Vendor	Original Report	Amended Report	Difference
04/15/04	Mentzer Media Services	0	\$354,100.00	\$354,100.00
04/15/04	Mentzer Media Services	0	\$10,000.00	\$10,000.00
05/14/04	Jamie Walker	\$2,309.25	\$1,684.92	-\$624.33
05/14/04	Sean Walsh	0	\$2,309.25	\$2,309.25
05/26/04	Automatic Data Processing	0	\$12.00	\$12.00
06/15/04	The Keller Group	0	\$5,000.00	\$5,000.00
06/30/04	Automatic Data Processing	\$1,873.73	0	-\$1,873.73
Total				\$368,923.19

On October 26, 2004, the Reports Analysis Division sent a Request for Additional Information asking that the Committee explain the failure to report these disbursements. In response, the

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Committee stated, "The Committee realized that, due to a data entry error, it neglected to include various payments to Mentzer Media. Once this omission was discovered, an amendment to the July Quarterly Report was filed to fully disclose all disbursements made during the period 4/1/04-6/30/04." Nethercutt for Senate, Amended 2004 July Quarterly Report, page 1.

Therefore, there is reason to believe that Nethercutt for Senate and Catherine Gernes, in her official capacity as treasurer, violated 2 U.S.C. § 434(b) by failing to disclose disbursements totaling \$368,932 in the Nethercutt for Senate 2004 July Quarterly Report.

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